and best wishes to Her Majesty the Queen the 'Prime Minister the Parliament, the Government and the friendly people of the United Kingdom.

SHRI H. HANUMANTHAPPA /Karnataka): Happy New Year also.

THE DEPUTY CHAIRMAN : We wish them a happy New Year. Thank you for reminding me.

SHORT DURATION DISCUSSION ON JPC REPORT ON IRREGULARITIES IN SECURITIES AND BANKING TRANSACTIONS—*Contd.*

SHRI V. NARAYANASAMY : The industrial houses were also called and the RBI sent a circular in June, 1991. In that it was indicated 'how the funds were diverted and how -the banks should conduct themselves and follow discipline. The CBI was also put into service for the purpose of cracking down on the bank officials and other persons who were responsible for the securities scam. I would like to point out the observations made by the Committee. Firstly, it says, "not anticipated the problem". Secondly, it say "not responded purposefully when it surfaced". It was in 1986. Then 1990-91 was a booming period as also 1991-92 was a booming period. When the: Finance Minister took all possible steps to see that the money, which has Deen given to the PSUs and 'Other organisations has not been diverted by the batiks to earn profit, quick money, by this kind of a method, when he curbed it, the JPC (same to the conclusion that not only the Finance Ministry but the Minister is also responsible for it.

Madam, the previous Finance Ministers, whether of the Janata Dal or of the Chandra Shekhar Governmnet, slept over the matter. They did not take even a single step to curb it, to arrest banking operations which were flouting and violating rules. The bank rules of 1940-41 41 have not been amended so far. These rules are not amended because they were suiting to the occasion. I am not here to blame any Government for that matter. It has been specifically accepted by the Committee that it was a system failure, that rules have not been strictly followed, that banks have not been monitored and the RBI did not work according to the rules. The whole system has collapsed. For the first time Dr. Manmohan Singh took steps for the purpose of plugging the loopholes. -He was trying to bring out the accused persons who were involved in It. The CBI also was put into operation and the Janakiraman Committee was constituted to go into this matter. He was trying to -rectify the system. Unfortunately, the JPC has decided that the Finance Minister was also responsible. Therefore, culpability, *quid pro quo;* if any Minister has sot any personal gain out of it, has to be proved. The Finance Minister has been working very honestly. Even some of the RBI leaders have supported the [Finance Minister. They have said that his resignation should not be accepted.

SHRI S. VIDUTHALAI VIRUMBI: This is not an issue where persons are involved. This is an issue where policy is .involved.

SHRI V. NARAYANASAMY : If the system fails, then we should rectify the system. We have to put our heads together. Therefore, you cannot blame any individual person and punish him. If you want that the Finance Minister should go, then what would you do with Prof. Madhu Dandvate and Shri Yashwant Sinha ? The JPC is silent about it. The JPC has not applied the same yardstick to these two Finance Minister which yardstick it has applied to Dr. Manmohan Singh. The public opinion is in favour of Dr. Manmohan Singh. People feel that the reform, which has been rought by the hon. Prime "Minister, has been implemented in right earnest by Dr. Manmohan 'Singh/This country is at the reformative stage. This

demand is being made for political purposes. This demand is being made in two ways. The BJP says that the entire Government should go. The NF and LP combine says that the resignation of the Finance Minister should be accepted. There is a difference of opinion among the Opposition also. There is no culpability involved, there is no *quid pro quo* and no Minister is involved personally. Therefore, no Minister is responsibls for it. They did their duty to the best of their ability.

Dr. Murli Manohar Joshi made a passing remark about the ABFSL and the GSAL. He said that Rs. 2 crores had been siphoned off. I would like to sub-lrit to this august House that this was the case of Mr. Krishna Mohan, who was a promoter. He said that he took this loan in his personal capacity. That amount was being repaid! with interest. Banks did not lose even a single ple. He was giving 24 per cent interest on it. The amount was paid back before the scam came out. It is there in the Committee Report also. This amount was paid back in September. After that this issue was raised in Parliament. At that time it was made clear that he took the loan in his personal capacity and it was paid back.

I find from the Report that the CBI went into it. The SEBI went into it. Other organisations including the RBI went into it. In spite of it, the Committee says that the matter has to be reopened and further considered. What did they say? The same organisations have to reconsider it. The organisations say, the auditor's report says, people say, the banks say and ultimately what happens? Shares worth Rs. 13.5 lakhs were released to Shri Krishnamohan as his personal shares. This has been mentioned by the court. That being the case, what is the position of the JPC Report ? The Special Judge who investigated the securities scam, verified the documents, after verifying the documents he clearly said that it was a personal loan to Shri Krishnamohan and it was returned by him. Then there is a contradiction between the judgement of the court and the JPC Report. Therefore, it is clear that the JPC did not go into that aspect as to who received the money and who was responsible for it, or how much money was paid and what the loss is to the Government. The JPC what into other extraneous considerations. What the total amount of money is who the people responsible for it were, who are to be punished, all these aspects have not been gone into by the JPC. I agree with the reforms suggested by the JPC. I want the financial system in the country, the banking system in the country to be tightened. Some unscrupulous bankers and brokers toot advantage of the loopholes in the system. They have misused the money. They have siphoned off the money. That has to be stopped and I agree with it. But as far as my observations regarding the Report is concerned, I would like to submit that the 15 months' exercise by the JPC has only succeeded in keeping the issue open for years together. This is the kind of Report given to us by the JPC. This is my observation and with these words I conclude. Thank you.

SHRI N. G1RI PRASAD (Andhra Pradesh): Thank you, Madam. It is a ' little surprising that the Members who spoke from the treasury benches should have changed their tune. The attitude that they had at the time of appointing the JPC was to find the truth to find the guilty and to punish the guilty. Now, after the JPC Report has come out, they have changed their attitude. Some time back, hon. Member, Mr. Salve spoke here. What he spoke today is quite different from what he spoke inthe House earlier. That day he said that he would quit office it such charges were to be made, if such a calamity were to take place in the financial world. Now he says that Shri Manmohan Singh is not accountable for anything and he should continue. This is a

somersault. This is the biggest fraud or scam which has taken place in post-independent India. Not only have the financial imitations lost about Rs. 10,OO crores, but the people have also lost a lot of money. They lost almost Rs. 1 lakh crores. Who is responsible for this? The Government must be serious not only about its money but also about people's money. This, scam has come about because of the hotting up of the stock exchange. This started soon after this Government took office. It continued for some time in a low key but in the year 1992, more particularly during March-April, the, scam took a very high propor tion; rather it bursted, bursted on the people. And, in this process, the people lost money, the banks lost money and the, whole financial system collapsed. And, now the Government says, the ruling party Members say, that nothing happen ed and that it was only a system failure. Of course, it may be a sys tem failure but every system is operat ed by individuals. No system works without individuals, without people in charge of it with specific responsibilites. But why was this system not operated by people who were in charge of things? This assumes a greater significance because public money was used. The JPC Report clearly says that there was a collusion, nexus, between the banks, brokers, public sector units and the,foreign banks. Many other people were also involved in this. And it called for Ministerial accountabi lity. The Ministeries which have invested, which have put their money, in these stock exchanges, I think, are also res ponsible. And,the RBI, which is to moni tor all these things and which is supposed to act as a watch-dog, completely failed. This is quite clear from the. Report. And, Madam, for year information. I can quote from the circular issued by the RBI. It was in the aftermath of the scam that the, RBI: issued, detailed guidelines on 20-6-1992 regarding the role of brokers, ft was only alter the matter was high lighted by the Committee during the course of taking evidence that the RBI tightened further the instructions to banks and financial institutions. The RBI is under the direct control of the Govemment or the Finance Minister. But what was the Finance Ministry doing ? Now, the problem is, they want to save everybody. The question is: Who is accountable? Is the Government accountable to Parliament? Is the Ministry accountable to the Government and Parliament ? All these people are accountable to the people as regards public money. Of course, the ruling party wants to overlook this aspect. Nobody has accused the Finance Minister of his involvement in this fraud. Of course, his personal integrity is above board. That is the most fortunate thing. I also congratulate him on that and everybody should be proud of it. But is he accountable to Parliament for the laxity on the part of the RBI in taking any action before the scam erupted? Besides, the- Finance Minister convened a meeting of the Chairmen of the Stock Exchanges on 28th March. At that time, the scam was at its peak. It had almost reached the boiling point. It could not go further. It might have gone on for some one or two weeks more. But what did he say to the Chairmen who were-operating these stock exchanges?

Did he make any mention why the slock exchanges were getting hotted up, what the reasons were, how money was going to the stock exchanges, who were purchasing the shares and how much public money was being utilised? Of course, the Chairmen of Stock Exchanges may not be concerned with all these things. But he should have cautioned them. He spoke to them generally; he was delivering some sarmons about self-regulation of the stock exchanges. Did they regulate their stock exchanges? Were they not concerned with all these things, were they not linked with the brokers who were playing all this mischief? I think there is a ministerial failure particularly when the Finance Minister did not speak about

taking action or did not give any directions either to the officials of his Ministry or to the Reserve Bank of India or did not at least threaten the stock exchanges to behave properly. He had failed in this and this was already mentioned. So, my point is that the Government wants to save everybody. Some people said JPC had gone haywire, it had deviated from its purpose for which it was constituted. Of course, it could not find the end-use of the money, the criminal offenders who were involved in the scam. It could not do that part because it lacked the expertise. This it had admitted honestly. It was honest. Even if some of our Members were there, they might not have been able to do this. That is the criminal path and T am not speaking about the criminal side of this. I am speaking about the moral side and the political side of it. If Government wants to be scam-frec, it is welcome. If Government wants to continue scam-tainted, even then there is no botheration. But there are people who are asking, "who was responsible for this type of things ?"

Madam, T am making my last point. Lal Bahadur Shashtri Ji had resigned not because of this kind of fraud but because there was an unfortunate rail accident. Why did he resign? Was he responsible for the accident? In no way was he res ponsible. His heart was pained and he had resigned on moral grounds. Of course in spite of Dr. Manmohan Singh's offer of resignation, submission of resignation, the other Ministers want him to continue becouse if he continues, the other members of the Ministry can also continue. The other guys are very intelligent. If his resignation is accepted, the other people will also have to put in their papers and their resignations will be accepted and Dr. Manmohan Singh will be saved. That is why they are sticking to their positions. That type of things will not work. We must be honest to the people, we must be honest to Parliament and the Government is accountable to the people. Thai is why I request that the Government should take action against those who are responsible for the ministerial failure. At the official level also, whoever are re-ponsible for criminal offences, they must be dealt with appropriately and effectively.

Thank you, Madam.

THE MINISTER OF COMMERCE SHRI PRANAB MUKHERJEE : Madam Chairperson, the debate which we archiving on the report of the JPC is, in one way, a unique one. Perhaps for the first time we are discussing the report of a JPC when the Government is yet to formulate its views and to come to the House with the proposed action. As it was pointed out in the other House by my colleague, when the report was placed on the table of the house on the 21st of this month and when there was a demand for having a discussion on the report, the Government wanted to ascertain the views of the hon. Members in order to come to some sort of conclusions and 10 take appropriate action. In that context, we have to review the observations of the JPC. Perhaps at this stage, it would be premature if we just start rinding faults and try to give some definite conclusions without ascrrtaining the formulations which are yet to be made by the Government.

Perhaps everybody would agree with me that when the Report was submitted on the 21st of this month, within eight days it is not possible to come' to any conclusion on the observations in the Report.

Secondly, , if 1 draw the attention of the honourable Members to the terms of reference, it would be clear that this Committee was set up to fix the responsibility. to determine the quantum and magnitude of the loss involved in the scam, etc. But there is another important term of reference and that it should make recommendations to ensure that there is no recurrence of the type of situation which developed during the period concerned. Actually, the

Committee has gone into all the details, examined a large number of witnesses and has come out with certain important suggestions which deserve dispassionate consideration by both sides of the House. And, in that context, I would like to draw the attention of the honourable Members particularly to the point of Constitutional responsibility of the Minister vis-a-vis the observations of the Parliamentary Committee. If the hourable Members allow and if I have their indulgence, I would like to build up this point for consideration and take this opportunity to examine what would be the implications of it.

Very often two instances have been cited. I am not referring to the resignation of Mr. Lal Bahadur Shastri or Dr. Syama Prasad Mukherjee or of many others who had disagreed on certain principles or who took the responsibility on themselves for certain incidents which created a shock like railway accidents or massive air crashes. Things like that immediately created a shock and somebody took the responsibility and resigned. But two other names are there which were frequently referred to. One was that of Mr. T.T. Krishanamachari and the other was that of Mr. Keshav Deo Malaviya. Most respectfully I would like to submit that these are not paralel cases. A Commission of Inquiry, presided over by a Judge of the High Court or the Supreme Court, was asked to look into certain allegations in respect of those two cases and though there was no personal responsibility or personal involvement, the Ministers took upon themselves the responsibility and stepped down. For the first time, a demand has been made. I am not going info the merits or into any individual's likes or dislikes or his action or reaction. My simple point is this: Can we raise a demand for the resignation of Ministers if a Parliamentary Committee comes to some conclusion about the irregularities in the functioning of the Ministry itself ? I am saying this because, in our system, Ministers do not appear before the Parliamentary Committees, whether it is the Public Accounts Committee or the Estimates Committee or the Committee on Public Undertakings or even the Standing Committees which have been recently constituted. Their job is to find out the irregularities in the Ministry itself. Now, if you want to extend the logic, what will happen? If a Joint Parliamentary Committee has made some observations in respect of the functioning of some Ministry and if you say that the instant reaction should be that the Minister must take the moral responsibility and step down, are we really prepared for it ? Let us ask ourselves this question. Let us be honest. T am asking the hon. Members, Let us be honest. Are we prepared to extend this logic that when adverse comments will be made in the PAC, when adverse comments will be made in the COPU, when adverse comments will be made in the reports of the Estimates Committee, we are going to change the system that henceforth even the Ministers will appear before the Committees. Are we going to extend the temper, tenor and modality of the discussion on the floor of this House to the Committee rooms? Just, let me complete my argument, Mr. Reddy. Then I will yield and you can intervene.

We have a peculiar system, Madam, which is to some extent unparallel. To some, extent it is unparallel. Here we talk on party lines. Here we decide on party lines. The moment we go out of this room and this Chamber and sit in ,.the Committee room, we are not guided by our partisan interests, we are not guided by our party considerations. We try to be more objective. And that is why in the country, a system has been developed, a beautiful convention has been developed that the Parliamentary Committee should submit its report unanimously. But now, assuming for the rime being that we accept this proposition which has been propounded by some hon. Members of this House that if a Joint Parliamentary

Committee is coming to certain conclusions, making some reflections on the functioning of some Ministries, the Minister should take the moral responsibility and step down immediately even without going into the details of the Committee report as such, whether it would strengthen the parliamentary system or not because, as I mentioned, in many of the Parliamentary Committees where the functioning of the Ministries are being debated and discussed, and objective assessments are made, the Minister does not have the opportunity of even presenting his case. His case is being presented by the officers. Therefore, this is one aspect. Now, I come to the second aspect. After that, Mr. Reddy, you can intervene. The second aspect is that if we extend this logic and if it goes to the point that the demand of the resignations of the Ministers will be extended henceforth, would it not act as an inhibition to the Members functioning in the Parliamentary Committee ? Assuming for the tima being that this House decides or the other House decides or we decide ourselves collectively that all the Ministers whose names have been mentioned in the Committee report itself will have to go, will have to step down, then, henceforth, from tomorrow or the day after, when we sit in the Committee, would the same partisan approach in which we are discussing here not be extended to the Committee room? Therefore, this is a matter which we shall have to think of. And I am not just telling that there is no merit in it. I am not going into th? merits of the case for the time being because T would like to listen to your views, the Government would like to listen to your views. And when we formulate the decision of the Government, you will have the opportunity to look into it. But extending it, saying that simply because some observations have been made in a Committee and the automatic follow-up action would be to step down, taking the moral responsi-biltiy or the constitutional responsibly would pose serious implications which we shall have to think of and which we cannot pass off lightly.

SHRI S. JAIPAL REDDY: As the hon. Minister has been good enough to yield I would like to bring to his notice the there was a fundamental, substantive difference between the House Committees and the Joint Parliamentary Committee. This was specially constituted. Unlike in the case of other Committees, Ministers were allowed to depose before this Committee. I may bring to the notice of the Minister that the Finance Minister and Mr. Shankaranand, both appeared before the JPC with the prior permission of the Speaker. Therefore, his argument does not hold good. T want the Minister to appreciate it.

SHRI PRANAB MUKHERJEE: I do appreciate his point but he should have listened to my second part of the argument, and if he had a little patience, perhaps, he would have appreciated my point.

Firstly, I did not say that this Con, mittee did not invite the Ministers. I am fully aware of it, because their appearances have been recorded. What I am trying to point out is that there is another angle also if we decide that henceforth, the decision at the Committee will also be taken on party lines. I am not going into the merits of it, you know. In our system which is a transparent one. the Committee finalised its Report, as it appeared in the press. Let us be honest to ourselves. It appeared in the press that there was a possibility that there would be a division. We wanted to avoid it. We wanted to maintain—all of us; Members belonging to this side and that side; all of them tried to ensure that the Parliamentary tradition of presenting a -unanimous Parliamentary Committee Report should be attempted. The

Members concerned had informal discussions; they had an informal debate. They had an exercise to, what you call, accommodate the views of each other.

SHRI MENTAY PADMANABHAM : Give and take.

SHRI PRANAB MUKHERJEE : I would not use the word 'give and take' but somebody did not even agree to that give and take but that is also here. Therefore, that type of atmosphere will be vitiated. That is my apprehension, because tomorrow if I know as a result of some adverse observations, the Minister will have to go, twice I will think whether for the sake of unanimity I am going to accept it or not. In a Parliamentary de-moeraey, it is the House which has to decide. The House can decide at any moment whether the Council of Ministers Will remain or not. By passing a motion of no confidence, the other House can dis-miss the political executives, by giving a short notice. That is the inherent right and this inherent right, this inherent-accountability of the Council of Ministers to the House which is elected by the people, *to* my mind, can never be delegated to the part. The right and the author rity of the House is the right and the authority of the House as a whole and that authority cannot be delegated to the past. Suppose a situation may come—and I am posing a theoretical question to you because you have raised this fundamental question of accountability—that some body takes a decision after the Report comes out to Parliament. The House in its wisdom rejects the Report of the Committee. It has happened it does happen. Sometimes we decide in the Business Advisory Committee, Madam, under your Chairmanship & thereafter we may disag-: ree. There is no guarantee that the Report of the Committee of- Parliament is going to. be accepted by the House itself and we are simply demanding it. It is not a question of an individual. An individual will take individual decision on its own consideration and perception of the situation. I am talking of the institutional arrangement through which we -have corns to function, and that basic objective is to be kept in mind.

The second question is, are you going to make a distinction between one Parliamentary Committee and the other? It is not for the first time that a JPC has been set up. There was another Joint Parliamentary Committee and that Joint Parliamentary Committee also came up with certain recommendations. Have, we accepted that? And according to some hon. Member—I would not like to mention the name—that Report was described as a white wash JPC Report. That means, these will be guided by subjectivity. If some recommendation of a particular JPC is convenient to me, I will say: 'Accept it unanimously without a debate, and act on it without any further consideration because it is a unanimous report.' Therefore, if there are any notes of disrent, that is not to be accepted. Classification of the Joint Parliamentary Committees depending upon this arithmetic, to my mind, is a danger proposition, and we shall have to think about it. These are some of the issues I think which have been raised.

We have also *to* think whether we are prepared to accept that henceforth every matter will be decided on party lines alone and in that process we shall sacrifice a beautiful convention, to my mind, which we have built up. Despite our differences here, when we sit in any Committee, we try to be as objective as possible. Otherwise, in the complexities of this system, we will simply be guided by our own political partisan interest and to that extent, the objectivity will be reduced. Madam coming to the substantive part of the report, I would like to point out to the hon. Members, through you, why it happened. Somebody has tried to point out. It happened over a period of time. This has been mentioned in the report of the JPC itself, For quite sometime it

was building up. If you look at the history of the stock market, if I remember correctly, from the beginning, till 1980-81, a very small amount was mobilised— particularly, from new issues—through the stock market. From the early part of 1980, the stock market started picking up; precisely, from 1982-83. If you look at the growth of the Indian stock market from 1982-83 till 1990-91, it was phenomenal in terms of percentage, not in absolute terms. In terms of percentags, the growth was phenomenal.

Suddenly, in 1992-93, we found that certain distortions emerged, surfaced. It is not that suddenly it occurred in April, 1992, or mid-1992. It is not that this occurred at a particular point of time. There was an incubation period. In that incubation period, it started germinating and; ultimately, it manifested itself at a particular point of time. When it manifested itself at a particular point of time, the questionis whether there was any dereliction of duty, whether there was any negligence, in taking appropriate action.

Madam, if you see, at the first stage itself, when this came to be focussed, the Government, particularly, the Ministry of Finance, started taking action. On 30th April, 1992, the lanakiraman Committee was set up. Certain cases were referred to the CBI. Then, on 16th May, 1992, the Finance Minister had a meeting with the chief executives of banks and financial
institutions where he directed that immediately there should be a review of the system, of the internal control mechanism and the investment policy.

Even if we go back a little earlier, what do we see? What did the Finance Minister say in his Budget speech of 1991? What did the Finance Minister say in his Budget speech of 1992? These are all published documents. Nothing classified. Nothing secret. In those speeches, the Finance Minister had drawn the attention that something was abnormal, that something was wrong. The type of growth, the bubble which was visible, was not quite natural sad, therefore, we should look into it. He had a meeting with the Governor of the Reserve Bank of India in October, 1991. After that, the Governor of the Reserve Bank of India gave some directions to watch the accounts of certain brokers. Subsequently, this manifested itself sometime in April-May 1992. Immediately thereafter, not only the Government, but Parliament also assented itself and expressed its concern. A Joint Parliamentary Committee was set up. Certain corrective steps which were needed. from the administrative point of view, were taken. At the same time, it has to be kept in view that when we were changing from one system to another system, it took sometime for us to look into the magnitude of the problem; to what extent it has gone and how to check it.

Madam, it is not that a stock market scandal has broken out in the country for the first time. Here, we are primarily concerned with the question that subs-tanial amounts were utilised by the manipulators to serve their self-interest. We are concerned with the question as to how the gap between the time of bank receipts and reconciliation, which is normally 14 to 21 days, was utilised by the speculators. to what extent they were able to exploit the desire, the greed, of individuals.

Dr. Ashok Mitra initiated the debate. *I* did not have the privilege of listening to him, but when he himself was the Finance Minister, he came across such a case and he got it investigated. There was I one investment company in West Bengal. They were attracting investments from a large number of people, most of whom were belonging to the upper-middle classes. Simply, they could not ecognise this hard\ fact that under the sun there cannot be any instrument whereby just by making an investment of Rs. 100 you can get a return of Rs. 35 to 40. He exploded the fraud by asking the people to investigate into it. It was found out that the motive was to exploit the greed of the individuals,

to make quick money. Many of the people who were educated, who were not illiterate or half educated, thought that some miracle....

SHRI VIREN J. SHAH (Maharashtra): You have made two points; one is the manipulation and the other is greed ol individuals. But the question is whether the manipulators were facilitated by those in position of power in Reserve Bank or in the Finance Ministry or other institutions. That is the important point, and the greed of individuals *is* not restricted to individuals outside, whether there was the greed of individuals within the corridors of power, that is the moot point.

SHRI PRANAB MUKHERJEE: Precisely, that is also my point. There are no two opinions about that. We have to identify the weaknesses of the system and to take corrective measures, to take institutional preventive measures, and also to identify the individuals who were responsible for it and to bring them to book. That was also a part of the system.

A question was raised that there should have been some arrangement of bringing some alertness. Yes, there was the alertness. That is why the Finance Minister directed the RBI Governor that something was wrong and, therefore, he should ask the banks to watch. He instructed the Direct Taxes Board to take appropriate steps, to initiate investigations. These are all facts published in these documents. You can yourself check them up. Quite a large number of people believed—that does not justify that the Government should also have that belief—that it was going on because of certain sudden change in the system. It is not that. When you go from one system to another, surely there would be certain changes, certain tremors, and this Committee was appointed not only to identify the persons and individuals responsible but also to come out with their recommendations as to what corrective steps can be taken so that we can be aware of that. And that is what is being done.

The third point to which I would like to draw the attention of the House is this. Somebody has suggested that the Finance Minister's mind was set and he operated in a mind-set situation, as if because of the policies of reforms this type of confidence was being built up in the stock market, in the security system, in the equities, etc. It is true, to some extent there were more attractions from the taxation point of view but that does not fully justify the quantum involved in it. I am not going into the figure, but it would be wrong to say that the Finance Minister's mind was set. He did not operate in a mind-set situation because he also indicated in his two budget speeches, that when SEBI drew his attention and asked him to give statutory right to investigate into it, he immediately said that he had given them that power, that they should go and investigate. He talked to the RBI Governor, he talked to the chief bank executives, he talked to the SEBI authorities and told them to fully utilise the statutory powers.

SHRI VIREN J. SHAH : Statutory powers were given later.

SHRl PRANAB MUKHERJEE: I am talking of January.'It is true, if he would have known—I am not passing on the buck-even if Mr. Yashwant Sinha had known it, he would have taken appropriate action.

If it was known to Mr. Madhu Danda-vate, he would have taken appropriate action. If it was known to anybody, they would have taken appropriate action. Yes. I know, that was the Augustine Kuril report of 1986.

SHRl DINESHBHAI TRIVEDI : May I take just one minute? You have just mentioned that the Finance Minister in formed the RBI to do something. But, I am afraid, the report doesn't say that. On page 210 it says very clearly, the ■Governor, RBI has informed the Committee that he had been in touch with

the Finance Minister as also SEBI and they had warned the Finance Minister about the volatility of the market as early as in January. What did the Finance Minister say? This is very important. It says, "it was a conscious decision not to make any pronouncement before the budget." It means it was the Finance Minister, after knowing what was going wrong, who made a conscious decision not to make any pronouncement to this effect before the budget.

SHRI PRANAB MUKHERJEE: That's why I refered to the date of October.... *(Interruptions).. .*

SHRI GURUDAS DAS GUPTA (West Bengal): Just a minute.

SHRI PRANAB MUKHERJEE : No, I am sorry I am not going to yield. It cannot be a running debate, Madam.

The point which I am trying to drive at is—and that's why I referred to October—of course, not only Dr. Manmohan Singh but any ..body who is the Finance Minister in the month of January, .when he is going to present the budget on 28th February he is not going to upset ht3 applecart by giving a wrong signal. The second point is, also it was admitted that we would like to liberalize; We were coming away from the regulations. You may agree or you may not agree, but the fact remains that we were coming out of the regulations and that's why the entire apparatus, instrument, of the Con-trailer of Capital Issues which operated from the Ministry of Finance, has been disbanded. The entire job. has been given to SEBI. And to some extent, it is definitely because of the liberalization of the system, and particularly in-the interregnum when the liberalized system had not taken its roots firmly and when the controlled and regulated system was going out, that is the period when a substantial part of the scnm had taken place. Therefore it is not correct to say that certain measures were not taken in anticipation. Certain, measures were taken. Of course, there can be a difference of opinion that they were not adequate. You can say that. But if you say that no measure was taken at all, my simple point is, it ft not so.

Coming to the issue, from here where we should go, I am not taking this debate merely as somebody stepping down, somebody. going out and somebody coming in it is not that—because we are to go for a liberalized policy and there is no way of coming out of it. And I do not subscribe to the view that it is because of certain things that we suddenly accepted this policy. I also do not recognize the fact that the policies which we were having in the 1950s, 1960s or 1970s were totally wrong. That is not my case. The policies which we had—effeativte intervention by the State, effective role of the public sector, nationalization of the financial institutions—I am not one to say that these were wrong. These were correct decisions .because at that point of time when we did not have capital, when our private sector was not strong enough, it was the responsibility., of the State to intervene effectively and to create the necessary infrastruction to build up the -human resources, *to* build up the entrepreneurial resources, and the State did it effectively in the 1960s, 1970s and in the early 1950s. Therefore, it is not that somebody should come to the conclusion that everything done' in the past was. wrong and we started rewriting the whole history from a particular point of time. It is not right. The limited point I am trying to drive at is that what was relevant in the 1950s,, 1960s and 1970s, need not necessarily be relevant in the 1980s and 1990s. To understand the type of crisis with which,'were confronted, one need not necessarily have high economic expertise.

it was a simple question ,.of balancing the problem. It was a simple, question

that we overspent. We distributed non-existing resources. We lived on borrowing, and surely no system can survive too long by simply depending on borrowed resources. Eractly that happened.

Technological upgradation was called for. We had to open ourselves. We had to liberate ourselves. Let us not be too much agitated over a certain phrase, "animal energy" or "slumber". Let us not go to these quibblings and metaphor or a particular phrase. You can change any phrase you like. But the hard, cold fact remains that we shall have to process and follow up the Report. This process has been initiated.

There has been a quantum jump. So there is no going back. Therefore, let us not convert this debate as pro-reformer or anti-reformer. Let us take an objective assessment of the situation. Yes, certain things have happened. It has affected the interests of a large number of people. It has pointed out the weaknesses of the system. But, at the same time, we shall have to keep in view that simply telling somebody "you are responsible and you go", is no going to help us. If we want to come out of these maladies, if we are sincere in building up an institutional arrangement to prevent recurrence of incidents like this, we must be objective. That objectivity, Madam Deputy Chairperson, can never be achieved by sumply maintaining the ritualistic form. Yes, there may be demands of form and ritual, but let us go into the substance beyond the form and ritual because the situation is too complex today.

That is why, I will conclude by saying this. Let us not create an atmosphere of Alice in Wonderland, saying, "I shall be the judge, I shall be the jury and I shall condemn you to death." Let us not take approach. Let us think dispassionately. Let us not have this approach when all the cards rise and say, "Off with her his head-

That is not the solution.

Thank you, Madam Deputy Chairman.

THE DEPUTY CHAIRMAN: Now I have a problem before me because we have to finish this debate at the most by 6.00 PM or 6.15 PM.

SHRI S. JAIPAL REDDY: Why?

THE DEPUTY CHAIRMAN : We have to finish it some day. If we want to continue, we can extend the session till tomorrow.

SHRI S. JAIPAL REDDY : Madam, may I seek a clarification from you?

THE DEPUTY CHAIRMAN : Yes.

SHRI S. JAIPAL REDDY : I would like to know who is going to reply to this protracted debate.

THE DEPUTY CHAIRMAN : If you had a little patience as I have been requesting you all the time, my next sentence would have been about that, that the Finance Minister would be coming here to speak. He would be the last speaker.

SHRIMATI SUSHMA SWARAJ : Why not the Prime Minister?

THE DEPUTY CHAIRMAN: I do DO* know... *(Interruptions)*...

Your demand may be there Let us not start a debate on it, please No debate on it.

श्रीमती सुषमा स्वराज : फाइनेंस मिनिस्टर तो रेजिगनेशन दिए हुए हैं ····(व्यवधान)····

SHRI S. JAIPAL REDDY : It dots not deal merely with the Finance Minis-i try. It deals with a number of other departments.

श्रीमती सुषमा स्वराज : वित्त मंत्री तो इस्तीफ दे चुके हैं । अपने इस्तीफे पर स्वयं कैसे टिप्पणी करेंगे ? ····(व्यवधान)·····

THE DEPUTY CHAIRMAN : I am not discussing anything, please. I am not discussing anything, please. Enough, please.

SHRI S. JAIPAL REDDY : They include those which were and are being administered by the Prime Minister. I, therefore, demand that the Prime Minister alone should come and reply to the debate.

THE DEPUTY CHAIRMAN ; That is all. I won't permit it. I won't permit it Mr. Jaipal Reddy, you, being a member of the JPC, have taken another opportunity to speak on this subject indirectly on gome pretext or the other. I am sorry. The rest of the JPC members have not spoken.

श्रीमती सुषमा स्वराज : मैं जानना चाहती हूं वित्त मंत्री का इस्तीफा मंजूर होगा या नहीं ? ....(व्यवधान).....

THE DEPUTY CHAIRMAN : Mr. Mentay Padmanabham.

श्रीमती सुषमा स्वराज : वित्त मंत्री इस पर कैसे टिप्पणी करेंगे ....(व्यवधान).....

SHRI GURUDAS GUPTA : Madam, I request you to convey the sense of the entire Opposition.....

श्रीमती सुषमा स्वराज : हम जानने चाहते हैं कि वित्त मंत्री का इस्तीफा स्वीकार होगा या नहीं होगा ? ..(व्यवधान).. इस पर वित्त मंत्री स्वयं कैसे टिप्पणी करेंगे ? ....(व्यवधान)....

SHRI GURUDAS DAS GUPTA : .that we shall feel too much obliged if the hon. Prime Minister will reply to the many points... *{Interruptions).*

THE DEPUTY CHAIRMAN: Never mind, let them convey twhatever they want to convey.

Mr. Gurudas Das Gupta, kindly take your seat.

SHRI GURUDAS DAS.GUPTA : We shall feel obliged if the Prime Minister comes to the House and replies to the points raised.

THE DEPUTY CHAIRMAN : Take your seat please. *(Interruptions)* Nothing is going on record except Mr. Mentay Padmanabham.

SHRI MENTAY PADMANABHAM : Not Padmanabham, Madam. Padmanabham

THE DEPUTY CHAIRMAN : Mr. Padmanabham.

SHRI VIREN J. SHAH : What is the problem in communicating *to* the hon. Prime Minister when the entire Opposition is unanimous?

THE DEPUTY CHAIRMAN : It will be conveyed by the Minister for Parliamentary Affairs. My job is not to convey. The Minister for Parliamentary Affair will do.

SHRI S. JAIPAL REDDY : It is the demand of the Housee that the Prime Minister should reply.

THE DEPUTY CHAIRMAN : Mr. Jaipal Reddy, please. I said as Deputy Chairman if is not my job. It is the job the Parliamentary Affairs Ministers. They are here. They will convey your sentiments. I am here only to preside over. I have asked Mr. Mentay Padmanabham.

श्रीमती सुषमा स्वराज : : मनमोहन सिंह जी ने इस्तीफा दे दिया है...

उपसभापति : बैठिये । यह तरीका नहीं है ।

I am not allowing it please. Enough time you have taken.

THE LEADER OF THE HOUSE (SHRI S. B. CHAVAN) : To the debate on the JPC Report the Finance Minister is going to reply, I do not think it is necessary for the Prime Minister to come heft and reply to the debate.

SHRI GURUDAS DAS GUPTA : That is your view. It is, not the view of the House. The entire Opposition is unanimous that the Prime Minister should come and reply.

SHRI S. JAIPAL REDDY: Madam, he has not given the reason why the prime Minister should not come. Madam, it has never happened in the Parliamentary system of India when the debate was not replied to by the Prime Minister.

श्रीमती सुषमा स्वराज : प्राइम मिनिस्टर के अलावा कौन बता सकता है.. ···(**व्यवधान**)·· कौन बताएगा ?

THE DEPUTY CHAIRMAN : I am not permitting. Please take your seat.

SHRI S. JAIPAL REDDY . Madam, so many departments other than the Finance Ministry are involved. The Report is not on the Finance Ministry alone.

SHRI SIKANDER BAKHT ; I was hoping for a positive response from the Leader of the House. It is a very reasonable request that the Prime Minister should come and respond here.

जैसा कि सुषमा जी ने कहा····(**व्यवधान**)····

†[شری سکندر بخت : جیسا کہ سشما جی نے کہا ···"مداخلت"···

THE DEPUTY CHAIRMAN : I am not allowing. No debate. No. Nothing.

श्री सिकन्दर बख्त : सदर साहिबा, सवाल जोर गौर यह है कि फाइनेंस मिनिस्टर साहब खुद अपना····(**व्यवधान**)····

†[شری سکندر بخت ۔ صدر صاحبہ ۔ سوال زیر غور یہ ہے کہ فائننس منسٹر صاحب خود اپنا ····· ···"مداخلت"···]

*[ ]Transliteration in Arabic Script.

श्रीमती सुषमा स्वराज : महोदया.... बैठिये। वे खड़े हैं।

THE DEPUTY CHAIRMAN : He is already speaking.

श्री सिकन्दर बख्त : सदर साहिबा, मैं यह कह रहा हूं कि सुषमा जी का यह सवाल था कि फाइनेंस मिनिस्टर साहब के इस्तीफे का सवाल अभी दरम्यान में लटका हुआ है। वे बजाते खुद उसका जवाब कैसे देंगे, क्या करेंगे। फाइनेंस मिनिस्टर साहब के लिए यह है और जयपाल जी ने भी दुरस्त कहा है कि सिर्फ फाइनेंस मिनिस्ट्री का सवाल नहीं है, एक दर्जन डिपार्टमेंट्स इसमें है। तीन डिपार्टमेंट्स ऐसे हैं और सिर्फ पी.एस.यूज, वह सी.बी.आई. है जो बराहे रास्त प्राइम मिनिस्टर साहब के मातहत है इसलिए उसका जवाब प्राइम मिनिस्टर को देना चाहिए।

*[شری سکندر بخت : صدر صاحبہ میں یہ کہہ رہا ہوں کہ سشما جی کا یہ سوال تھا کہ فائننس منسٹر صاحب کے استعفے کا سوال ابھی درمیان میں لٹکا ہوا ہے ۔ وہ بذات خود اسکا جواب کیسے دینگے ۔ کیا کرینگے فائننس منسٹر صاحب کے لئے یہ ہے اور جیپال جی نے بھی درست کہا ہے کہ صرف فائننس منسٹری کا سوال نہیں ہے ۔ ایک درجن ڈپارٹمنٹ اسمیں ہیں ۔ تین ڈپارٹمنٹ ایسے ہیں اور کچھ پی۔ ایس۔ یوز۔ وہ سی۔ بی۔ آئی۔ ہیں جو براہ راست پرائم منسٹر صاحب کے ماتحت ہیں اسلئے اسکا جواب پرائم منسٹر کو دینا چاہئے۔]

THE DEPUTY CHAIRMAN . Presentation of the Reports of the Committee of Privileges. Shri Triloki Nath Chaturvedi. ····(**व्यवधान**)····एक मिनट न यह हो जाने दीजिए।

†( ) Transliteration in Arabic script

श्री सिकन्दर बख्त : क्या हुआ हमारी दरख्वास्त का ?

[]†شری سکندر بخت : کیا ہوا ہماری درخواست کا —

उपसभापति : उन्होंने जवाब दे दिया ... (व्यवधान) ..

I am requesting the Leader of the House to respond positively.

SHRI GURUDAS DAS GUPTA : Madam, Mr. Chavan should reconsider his position.. In view of the unanimous Opposition demand, he may kindly reconsider the position.

SHRI SOMAPPA R. BOMMAI : The Leader of the House has bluntly said that the Prime Minister will not come.*

THE DEPUTY CHAIRMAN : I would not allow. I am sorry, I am not allowing any comments to go on the record. Please No.

SHRI S. JAIPAL REDDY : How can you say it will not go on record?

THE DEPUTY CHAIRMAN . I do not want to allow any such thing. Yes, Mr. Padmanabham.

SHRI V. NARAYANASAMY : Let us not argue on that. Let the Finance Minister come and reply.

उपसभापति : रिपोर्ट ले करने दीजिए .. (व्यवधान) बैठिये ।

SHRI GURUDAS DAS GUPTA : I want an assurance from the Government.

THE DEPUTY CHAIRMAN • I am happy that you were in the JPC.

SHRIMATI SUSHMA SWARAJ : What kind of Prime Minister do we have? He does sot reply to th© debate on the j Dunkel Draft, he does not reply to the debate on the JPC Report.

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[THE DEPUTY CHAIRMAN : Mr. Chaturvedi to present the 34th Report.

..... (व्यवधान) आप बैठिये ।

श्रीमती सुषमा स्वराज : बैठा तो आप देंगी ही ..... (व्यवधान)

SHRI MENTAY PADMANABHAM : Madam, you called me.

THE DEPUTY CHAIRMAN : I have *to* first get the reports laid. Then you will be called.

PRESENTATION OF THE REPORTS OF THE COMMITTEE OF PRIVILEGES.

SHRI TRILOKI NATH CHATURVEDI (Uttar Pradesh) : I present (he Thirty-fourth Report (in English and Hindi) of the Committee of Privileges.

श्री सत्य प्रकाश मालवीय (उत्तर प्रदेश) : माननीय उपसभापति महोदया, मैं आपकी अनुमति से विशेषाधिकार समिति की पैंतीसवीं रिपोर्ट (अंग्रेजी तथा हिंदी में) सभापटल पर प्रस्तुत करता हूं ।

SHRI H. HANUMANTHAPPA (Karnataka) : I present the Thirty-sixth Report (in English and Hindi) of the Committee of Privileges.

Short duration discussion on JPC Report on irregularities in securities and Banking transactions—*Contd.*

THE DEPUTY CHAIRMAN : Mr. Mentay Padmanabham, I will stop the discussion at 6 O'clock. I want to tell the Members, if you take the time of the House, it means you will be cutting down the time of the other Members.

SHRI GURUDAS DAS GUPTA : It is true.

*[] Transliteration in Arabic Script.